



GLOBAL AND REGIONAL E-COMMERCE AND CYBERLAW DEVELOPMENTS

Cécile Barayre

(cecile.barayre@unctad.org)

Economic Affairs Officer

**In Charge of the E-Commerce and Law Reform Programme
ICT Analysis Section, UNCTAD**

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Implications of E-commerce

- Access global value chains
- Access to markets/exports
- Access to suppliers/imports
- Higher productivity
- More competition
- Greater consumer choice
- Job creation
- Risk of fraud
- Costs of adaptation
- Risk of crowding out
- Risk of losing tax revenue
- Risk of job losses
- Risk of widening divides





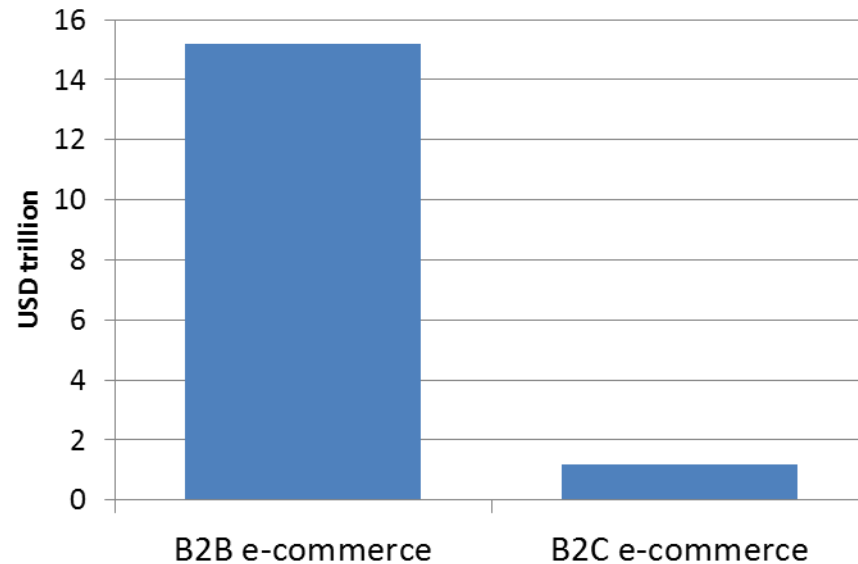
Different e-commerce transactions

- Business-to-business (B2B)
 - Online sales between enterprises, including as a result of outsourcing and offshoring. Small enterprises may need to engage in B2B e-commerce to participate in value chains.
- Business-to-consumer (B2C)
 - Involves sales by "pure play" e-commerce enterprises and by traditional bricks-and-mortar firms adding online sales channel.
- Consumer-to-consumer (C2C): e.g. eBay
- Government-to-business (G2B): e.g. e-procurement



B2B revenues by far the largest

Global B2B and B2C global revenues, 2012-13



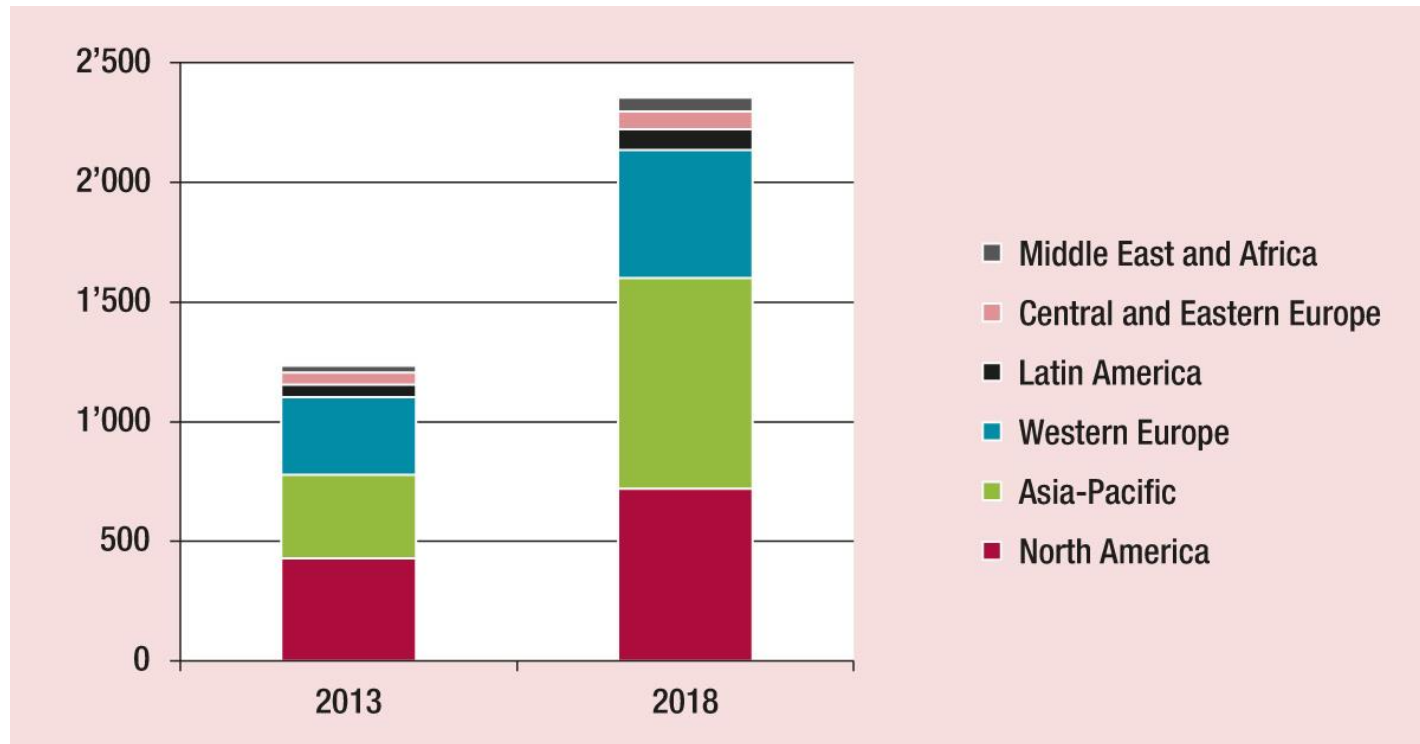
Source: UNCTAD estimates based on national sources, eMarketer, and others.

- Share of B2B in e-commerce revenue
 - US: 89%
 - Canada: 64%
 - EU: 87%
 - Rep. of Korea: 91%
 - Russia: 57%



B2C e-commerce growing fast *especially in developing countries*

B2C e-commerce sales, by region, 2013 and 2018 (\$ billions)



Source: eMarketer, July 2014.



Wider scope for inclusive e-commerce

- Improved connectivity in developing countries
 - Mobile telephony, Internet use and social media
- Reduced barriers to entry
 - New e-commerce applications and platforms offering B2B, B2C and C2C
 - New e-commerce services
 - New payment solutions
- Rise of many new e-commerce companies in the South



Delivery To Your Door





10 Largest B2C markets, 2013

| Country | B2C market 2013 | Online buyers | |
|----------------------|--------------------|-----------------------|--------------------------------|
| | (\$ billions) | Number in millions | Annual spend per buyer (\$) |
| China | 301 | 271 | 1,111 |
| United States | 263 | 133 | 1,975 |
| Japan | 119* | 55 | 2,171 |
| Germany | 52 | 33 | 1,593 |
| United Kingdom | 144 | 30 | 4,874 |
| Russian Federation | 13 | 20 | 662 |
| Republic of Korea | 22 | 19 | 1,195 |
| France | 68 | 18 | 3,688 |
| Brazil | 14 | 14 | 1,045 |
| Canada | 19* | 13 | 1,446 |
| Top ten total | 1,016 | 605 | 1,679 |

Source: UNCTAD, based on national sources as indicated in the Information Economy Report 2015.

* 2012.



Domestic vs Cross-border E-commerce

- Domestic transactions dominate in developed countries
 - Canada: 80% domestic; 15% to US; 5% to rest of the world
 - Japan: 82% domestic
 - Republic of Korea: 75% domestic
- Different picture in some developing countries
 - In India and Singapore: >50% are cross-border
 - In Colombia, Paraguay and Venezuela, cross-border trade accounts for the bulk of e-commerce

UNCTAD B2C E-commerce Index 2014

Indicators used

- Percentage of individuals using Internet
 - Sources: ITU, Eurostat and national surveys, 2013, 216 economies
- Credit card (% age 15+)
 - Source: World Bank Findex survey, 2011, 149 economies
- Secure Internet servers (per 1 million people)
 - Source: World Bank, 2013, 209 economies
- Percentage of the population having mail delivered at home
 - Source: Universal Postal Union, 2012, 168 economies
- Total coverage: 130 economies

UNCTAD B2C E-commerce Index 2014

Top 10 economies, by region

| Globally | Developing economies | Africa | Asia and Oceania | LAC | Transition economies |
|-------------------|----------------------|--------------|--------------------------|------------------------|------------------------|
| Luxembourg | Republic of Korea | Mauritius | Republic of Korea | Chile | TFYR Macedonia |
| Norway | Hong Kong (China) | South Africa | Hong Kong (China) | Uruguay | Serbia |
| Finland | Singapore | Egypt | Singapore | Trinidad and Tobago | Russian Federation |
| Canada | Bahrain | Tunisia | Bahrain | Brazil | Bosnia and Herzegovina |
| Sweden | Turkey | Morocco | Turkey | Argentina | Albania |
| Australia | Chile | Sierra Leone | Malaysia | Costa Rica | Georgia |
| Denmark | Uruguay | Zambia | Lebanon | Dominican Republic | Ukraine |
| Republic of Korea | Trinidad and Tobago | Madagascar | China | Mexico | Armenia |
| United Kingdom | Malaysia | Zimbabwe | United Arab Emirates | Bolivarian Republic of | Belarus |
| Israel | Brazil | Mali | Islamic Republic of Iran | Colombia | Moldova |

Source: UNCTAD.

Caribbean countries featured in the UNCTAD B2C E-Commerce Index, 2014

| Economy | Share of population having mail delivered at home (2012 or latest, %) | Share of individuals with credit card (15+, 2011, %) | Share of individuals using Internet (2013 or latest, %) | Secure servers per 1 million people (normalized, 2013) | UNCTAD E-Commerce Index value | Actual Rank on the Index |
|---------------------|--|---|--|---|--------------------------------------|---------------------------------|
| Trinidad and Tobago | 93 | 15.3 | 59.5 | 73.8 | 60.4 | 43 |
| Costa Rica | 98 | 12.2 | 47.5 | 72.5 | 57.6 | 52 |
| Dominican Republic | 99 | 12.2 | 45.0 | 61.5 | 54.5 | 57 |
| El Salvador | 95 | 5.3 | 25.5 | 60.9 | 46.7 | 72 |
| Jamaica | 50 | 6.9 | 46.5 | 67.9 | 42.8 | 80 |
| Haiti | 40 | 1.8 | 9.8 | 37.7 | 22.3 | 107 |



Barriers to E-commerce

- Economic barriers
 - Inadequate ICT infrastructure and power supply
 - Limited use of credit cards and under-developed financial systems
 - Lack of purchasing power
- Socio-political barriers
 - **Weak legal and regulatory frameworks**
 - Cultural preferences for face-to-face interaction
 - Reliance on cash in society.
- Cognitive obstacles
 - Poor ICT literacy
 - Lack of awareness and knowledge of e-commerce

Payment methods for e-commerce

E-transactions value, by payment method, by region, 2012 (percent)

- Credit cards dominate at global level
- New methods growing in importance
- In Africa, cash on delivery is most used, while mobile payment is increasing

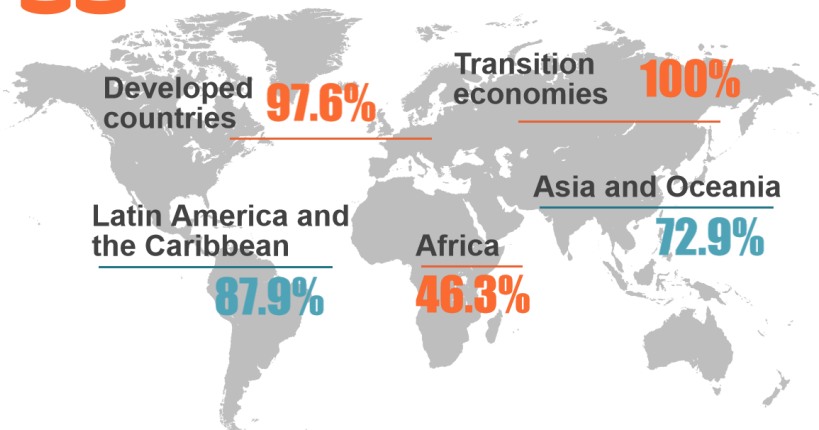
| Region | Credit cards | E-wallets | Direct debit | Cash on delivery | Bank transfer | Other |
|--------------------------|--------------|-----------|--------------|------------------|---------------|-------|
| United States and Canada | 71 | 18 | 2 | 1 | 1 | 7 |
| Europe | 59 | 13 | 5 | 5 | 8 | 11 |
| Latin America | 47 | 10 | 4 | 8 | 13 | 18 |
| Africa and Middle East | 34 | 5 | 0 | 48 | 3 | 10 |
| Asia and Oceania | 37 | 23 | 1 | 11 | 14 | 14 |
| World | 57 | 17 | 2 | 5 | 7 | 12 |

Source: WorldPay 2014.

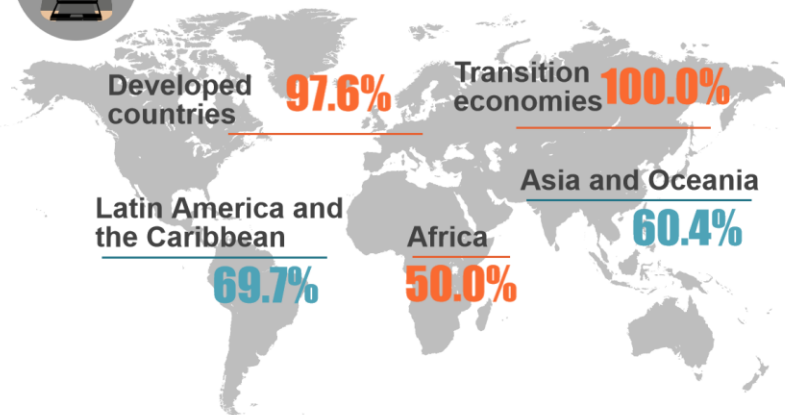
Unctad.org/cyberlawtracker



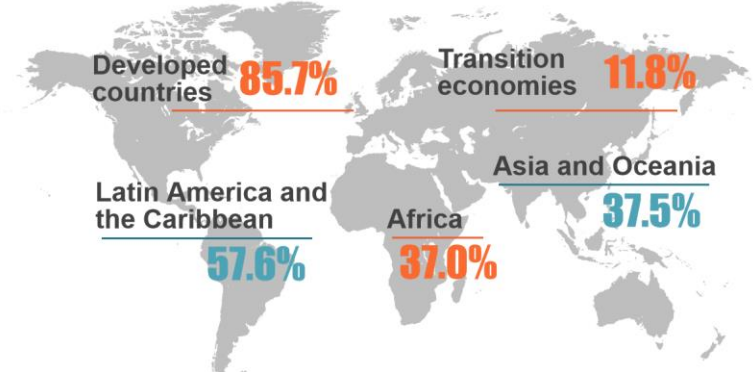
Share of countries with E-Transaction laws



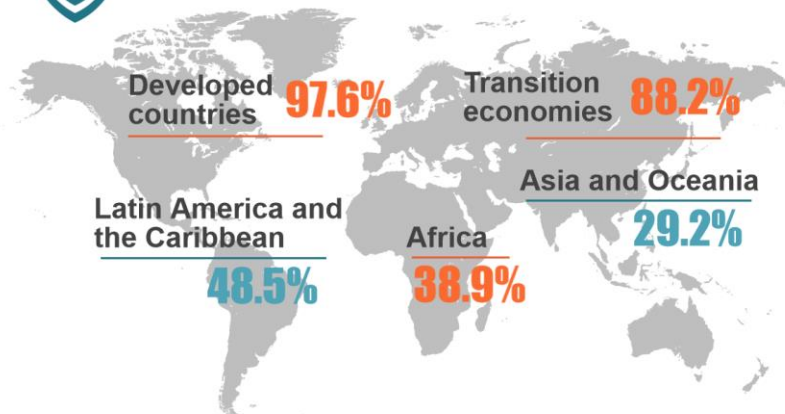
Share of countries with Cybercrime laws



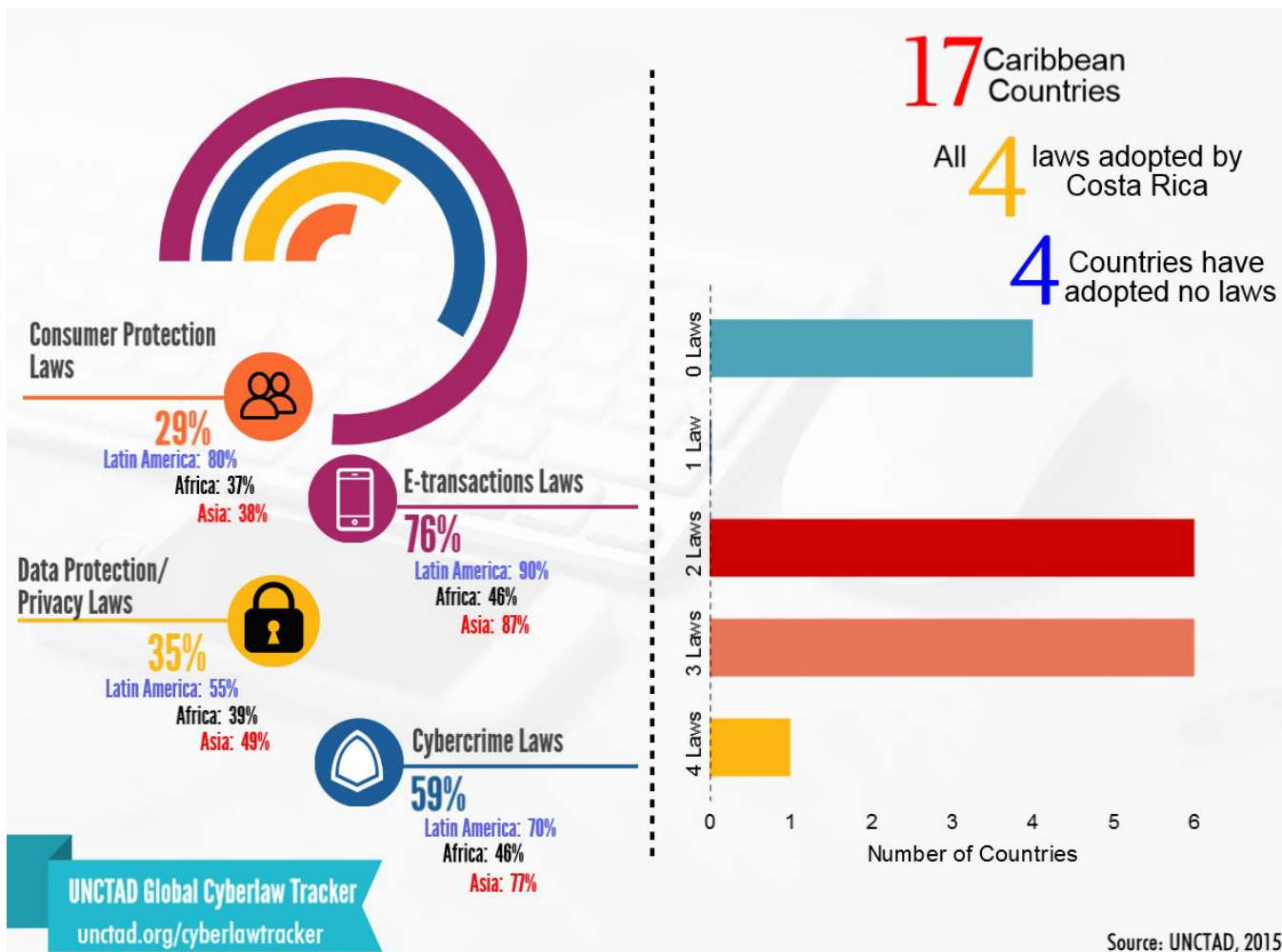
Share of countries with consumer protection laws



Share of countries with privacy and data protection laws



E-Commerce legislation adoption in the Caribbean region





Global mapping of cyberlaws reveals significant gaps despite progress

- Harmonization and building trust are key
- Compatibility and interoperability between different legal systems essential to facilitate cross-border e-commerce. *E.g.: in EU with a certain degree of legal harmonization, different requirements set in national laws may hamper such transactions, and the need to align laws with international legal instruments remains*
- The next challenge for governments is to enforce e-commerce laws, both domestically and in regard to cross-border transactions



Wide coverage but limited compatibility of e-transactions laws

- UNCITRAL standards largely used: technology neutrality, non-discrimination and functional equivalence but variations exist
- Three main issues:
 - ✓ Laws mostly address e-signature but are often silent on other contractual terms (time and place of dispatch, party location, choice of law);
 - ✓ Some laws are not technology neutral, for example recognizing only certain digital signatures (e.g. PKI) – can hamper cross-border trade
 - ✓ Lack of capacity of the judiciary for law enforcement



Consumer protection online not fully addressed

- Consumers more vulnerable online: deceptive and fraudulent activities(fraud, data breaches, spams)
- Cross-border e-commerce is still an under-developed market in Europe: 61% of consumers feel more confident buying online from their own country than from another EU country (38%) (The 2015 edition of the Consumer Scoreboard)
- Protection needed for domestic and cross-border purchases
- Cross-border enforcement big challenge – cross-agency cooperation essential (e.g. ICPEN)
- OECD and UN Guidelines on Consumer Protection currently being revised



Data protection and privacy online

- Personal data increasingly fuelling the digital economy
- Cloud computing adds complexity to data protection
- >2,100 incidents reported in 2013, exposing >822 million records (Risk Based Security, 2014)
- Main international instruments
 - OECD Guidelines on Privacy
 - EU Data Protection Directive
 - APEC Privacy Framework
- Agreement on basic principles but not on their application

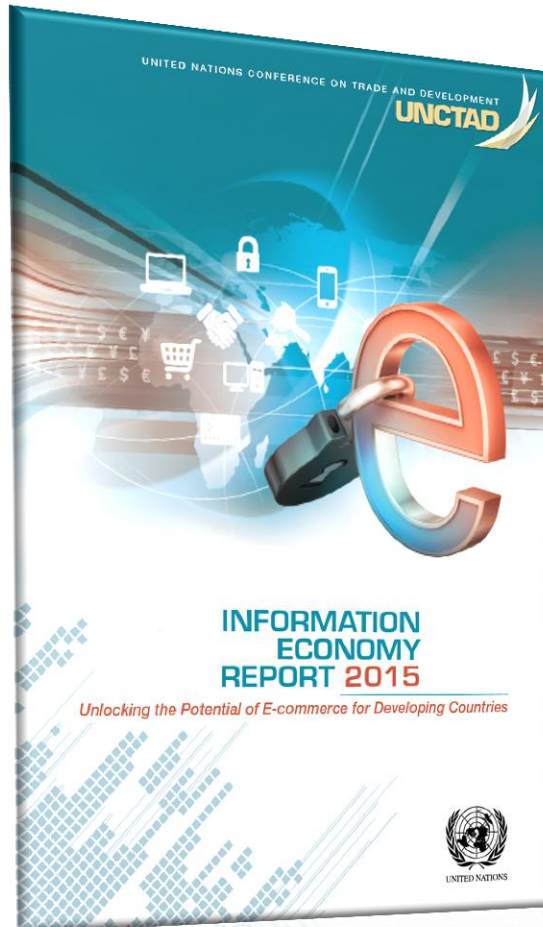
Cybercrime laws rapidly enacted but enforcement is challenging

- Growing concern to all countries
 - Estimated \$2.5 billion lost in online fraud in 2012 (Cybersource, 2013)
- Cybercrime hotspots: Russian Fed., China, Brazil, Nigeria and Viet Nam (Time, 2014).
- Mobile merchants incurring the greatest fraud losses
- Key international instruments
 - Council of Europe Convention on Cybercrime (2001)
 - Commonwealth Model Law on Computer and Computer-related Crime (2002)
 - African Union Convention on Cyber Security and Personal Data Protection (June 2014)
- Challenge: domestic and cross-border enforcement



Issues for Discussion

- How can the needs of countries in terms of cyberlaws best be assessed?
- What are best practices in fostering cross-border transactions and improving security of e-transactions?
- What actions should be taken to monitor the interoperability of e-commerce laws in the Caribbean region?
- How can assistance from international organizations and development partners help to facilitate the enforcement of interoperable e-commerce laws?



Content

- Review of global and regional trends
- UNCTAD B2C E-commerce Index
- New evidence on the economic impact of e-commerce
- Global mapping of cyberlaws
- E-commerce by small and rural enterprises in developing countries
- Case studies
- Policy recommendations

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